

Program D: Investment Management

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2002-2003. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicators are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year of the budget document.

DEPARTMENT ID: 04E Department of Treasury
 AGENCY ID:04-147 Office of State Treasurer
 PROGRAM ID: Program D: Investment Management

1. (KEY) To increase the annual yield of the General Fund by 5-10 basis points.

Strategic Link: This operational objective, which will be carried out within guidelines of LRS 49:327, correlates to Strategic Objective I.1 for the Investment Program in the department's strategic plan. This objective represents the baseline of investing in a prudent manner consistent with the cash needs of the state, and represents the mandatory daily oversight and control required to provide a reasonable return on the investments in the State General Fund. The attainment of this objective will ensure a stable, dependable flow of investment returns from the investment of the state's funds.

Louisiana: Vision 2020 Link: Not applicable
 Children's Cabinet Link: Not applicable
 Other Link(s): Not applicable

Explanatory Note: This indicator is expressed as a percentage yield/return using FY 1997-1998 as the baseline. This indicator is controlled by external forces outside the control of the state treasury. Those forces being market demand for fixed income investments and interest rates.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Fiscal year-end annual yield on State General Fund ¹ investments (expressed as a percentage)	5.7%	5.2% ²	5.2%	5.2%	5.0%	4.2%

¹ This indicator is expressed as a percentage yield/return using actual FY 1997-1998 as the baseline. The 30-day U.S. Treasury bill is used as the cash basis benchmark. Example:

Benchmark - 30-day Treasury bill return	= 5.1%	
General Fund return	= 5.2%	
Difference	= 0.1%	= 10 basis points

² Market rates have provided additional yield on the General Fund investments.

DEPARTMENT ID:04E Department of Treasury
 AGENCY ID:04-147 Office of State Treasury
 PROGRAM ID: Program D: Investment Management

2. (KEY) To increase the annual investment return of the Louisiana Education Quality Trust Fund (LEQTF) on a year-to-year comparative basis to grow the Permanent Fund to \$925 million.

Strategic Link: This operational objective is an incremental step toward accomplishment of the program's Strategic Objective I.2: *Increase the annual investment return of the Louisiana Education Quality Trust Fund (LEQTF) on a year-to-year comparative basis to grow the Permanent Fund to \$1.2 billion by the year 2003, in accordance with LRS 17:38-1 A(1).* This objective represents the active daily management of both the stock and bond portions of the LEQTF portfolio and provides flexibility in managing the investments within guidelines of the asset allocation model. The attainment of this objective will ensure a higher degree of success in obtaining the growth of the LEQTF Permanent Fund while, at the same time, providing a stable dependable stream of annual income to the fund's beneficiaries. Active management of both bond and equity investments ensures the continuous review of assets in relationship to prevailing market conditions.

Louisiana: Vision 2020 Link: Not applicable
 Children's Cabinet Link: Not applicable
 Other Link(s): Not applicable

Explanatory Note: For purposes of this indicator, "Permanent Fund" is defined as the LEQTF total investment portfolio, including Support Fund dollars. This indicator is subject to external forces outside

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Fiscal year-end annual total return on LEQTF investments (expressed as a percentage)	5%	4% ¹	5%	5%	2% ²	4%
K	LEQTF Permanent Fund fair market value (in millions)	\$920.0	\$909.0 ²	\$900.0	\$900.0	\$925.0	\$925.0

¹ According to the agency's FY 2000-2001 Fourth Quarter Performance Progress Report, the variance between FY 2000-2001 yearend performance standard and actual yearend performance is due to market rate fluctuations, which are external factors outside the control of the agency.

² According to the agency's FY 2000-2001 Fourth Quarter Performance Progress Report, price volatility in both stocks and bonds produced lower market values than anticipated. While interest rates were fairly stable, spreads continued to widen causing weaker market prices.

DEPARTMENT ID: 04E Department of Treasury
 AGENCY ID: 04-147 Office of State Treasurer
 PROGRAM ID: Program D: Investment Management

GENERAL PERFORMANCE INFORMATION:					
PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES				
	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00	PRIOR YEAR ACTUAL FY 2000-01
Fiscal yearend annual yield return on State General Fund investments (expressed as a total return percentage)	5.4%	5.7%	5.9%	6.1%	5.2%
State General Fund investment income (in millions)	\$117.2	\$138.5	\$134.7	\$115.7	\$120.5

DEPARTMENT ID: 04 State Treasurer
 AGENCY ID:04-147 Office of State Treasurer
 PROGRAM ID: Program D: Investment Management

GENERAL PERFORMANCE INFORMATION:					
PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES				
	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00	PRIOR YEAR ACTUAL FY 2000-01
Fiscal yearend annual yield return on Louisiana Education Quality Fund (LEQTF) investments (expressed as a total percentage)	10.5%	11.4%	4.8%	5.0%	4.1%
LEQTF investment income (in millions)	\$54.2	\$68.4	\$77.9	\$59.8	\$49.6
LEQTF Permanent Fund fair market value (in millions) ¹	\$760.2	\$817.1	\$818.0	\$823.5	\$909.0

¹ Fair market value is expressed as market price of assets as of June 30 yearend.